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110TH CONGRESS
2D SESSION

H. R. 5172

To amend the Internal Revenue Code of 1986 to provide recovery rebates to certain individuals receiving social security benefits.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 29, 2008

Mr. DONNELLY (for himself, Mr. SMITH of New Jersey, Mr. ELLSWORTH, and Mr. BUCHANAN) introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to provide recovery rebates to certain individuals receiving social security benefits.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Immediate Financial Assistance for America's Seniors Act of 2008".

SEC. 2. 2008 RECOVERY REBATES FOR CERTAIN INDIVIDUALS RECEIVING SOCIAL SECURITY BENEFITS.

(a) IN GENERAL.—Subchapter B of chapter 65 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"SEC. 6431. 2008 RECOVERY REBATES FOR CERTAIN INDIVIDUALS RECEIVING SOCIAL SECURITY BENEFITS.

"(a) IN GENERAL.—In the case of an eligible individual who is an eligible social security recipient, there shall be allowed as a credit against the tax imposed by subtitle A for the first taxable year beginning in 2008 an amount equal $300 ($600 in the case of a joint return).

"(b) TREATMENT OF CREDIT.—The credit allowed by subsection (a) shall be treated as allowed by subpart C of part IV of subchapter A of chapter 1.

"(c) LIMITATION BASED ON ADJUSTED GROSS INCOME.—The amount of the credit allowed by subsection (a) (determined without regard to this subsection and subsection (f)) shall be reduced (but not below zero) by 5 percent of so much of the taxpayer's adjusted gross income as exceeds $75,000 ($150,000 in the case of a joint return).

"(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) ELIGIBLE SOCIAL SECURITY RECIPIENT.—The term 'eligible social security recipient' means, with respect to any taxable year, any taxpayer who—

"(A) received a social security benefit (as defined in section 86(d)) during such taxable year, and

"(B) has earned income which is less than $3,000.

"(2) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means any individual other than—

"(A) any nonresident alien individual,

"(B) any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins, and

"(C) an estate or trust.

"(3) EARNED INCOME.—The term 'earned income' has the meaning set forth in section 32(c)(2) except that—

"(A) subclause (II) of subparagraph (B)(vi) thereof shall be applied by substituting 'January 1, 2009' for 'January 1, 2008', and

"(B) such term shall not include net earnings from self-employment which are not taken into account in computing taxable income.

"(e) COORDINATION WITH ADVANCE REFUNDS OF CREDIT.—

"(1) IN GENERAL.—The amount of credit which would (but for this paragraph) be allowable under this section shall be reduced (but not below zero) by the aggregate refunds and credits made or allowed to the taxpayer under subsection (f). Any failure to so reduce the credit shall be treated as arising out of a mathematical or clerical error and assessed according to section 6213(b)(1).

"(2) JOINT RETURNS.—In the case of a refund or credit made or allowed under subsection (f) with respect to a joint return, half of such refund or credit shall be treated as having been made or allowed to each individual filing such return.

"(f) ADVANCE REFUNDS AND CREDITS.—

"(1) IN GENERAL.—Each individual who was an eligible individual for such individual's first taxable year beginning in 2007 shall be treated as having made a payment against the tax imposed by chapter 1 for such first taxable year in an amount

equal to the advance refund amount for such taxable year.

"(2) ADVANCE REFUND AMOUNT.—For purposes of paragraph (1), the advance refund amount is the amount that would have been allowed as a credit under this section for such first taxable year if this section (other than subsection (e) and this subsection) had applied to such taxable year.

"(3) TIMING OF PAYMENTS.—The Secretary shall, subject to the provisions of this title, refund or credit any overpayment attributable to this section as rapidly as possible. No refund or credit shall be made or allowed under this subsection after December 31, 2008.

"(4) NO INTEREST.—No interest shall be allowed on any overpayment attributable to this section.".

(b) TREATMENT OF POSSESSIONS.—

(1) MIRROR CODE POSSESSION.—The Secretary of the Treasury shall make a payment to each possession of the United States with a mirror code tax system in an amount equal to the loss to that possession by reason of the amendments made by this section. Such amount shall be determined by the

Secretary of the Treasury based on information provided by the government of the respective possession.

(2) OTHER POSSESSIONS.—The Secretary of the Treasury shall make a payment to each possession of the United States which does not have a mirror code tax system in an amount estimated by the Secretary of the Treasury as being equal to the aggregate benefits that would have been provided to residents of such possession by reason of the amendments made by this section if a mirror code tax system had been in effect in such possession. The preceding sentence shall not apply with respect to any possession of the United States unless such possession has a plan, which has been approved by the Secretary of the Treasury, under which such possession will promptly distribute such payment to the residents of such possession.

(3) DEFINITIONS AND SPECIAL RULES.—

(A) POSSESSION OF THE UNITED STATES.—For purposes of this subsection, the term "possession of the United States" includes the Commonwealth of Puerto Rico and the Commonwealth of the Northern Mariana Islands.

(B) MIRROR CODE TAX SYSTEM.—For purposes of this subsection, the term "mirror code tax system" means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

(C) TREATMENT OF PAYMENTS.—For purposes of section 1324(b)(2) of title 31, United States Code, the payments under this subsection shall be treated in the same manner as a refund due from the credit allowed under section 6431 of the Internal Revenue Code of 1986 (as added by this section).

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting "or 6431" after "section 35".

(2) The table of contents for subchapter B of chapter 65 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

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"Sec. 6431. 2008 recovery rebates for certain individuals receiving social security benefits.".

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